



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
CASEY COUNTY SHERIFF**

**Calendar Year 2000**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
[WWW.KYAUDITOR.NET](http://WWW.KYAUDITOR.NET)**

**144 CAPITOL ANNEX  
FRANKFORT, KY 40601  
TELE. (502) 564-5841  
FAX (502) 564-2912**



**EXECUTIVE SUMMARY**  
**AUDIT EXAMINATION OF THE**  
**CASEY COUNTY SHERIFF**

**Calendar Year 2000**

The Auditor of Public Accounts has completed the Casey County Sheriff's audit for calendar year 2000. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

**Financial Condition:**

Excess fees decreased by \$13,888 from the prior year. Revenues decreased by \$699 from the prior year and disbursements increased by \$11,648.

**Report Comments:**

- Lacks Adequate Segregation Of Duties
- The Sheriff Should Maintain Proper Documentation For All Expenditures And No Late Fees Should Be Paid From Excess Fees
- The Sheriff Should Reimburse Fee Account For Disallowed Expenditures And Refrain From Questionable Purchases
- The Sheriff Should Present Detailed And Itemized Bills For Any Services Provided By Liberty Tire And Muffler To The Casey County Board Of Ethics For Review And Approval On An Annual Basis

**Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities or bonds.



## CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT .....	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES .....	3
NOTES TO FINANCIAL STATEMENT .....	6
COMMENTS AND RECOMMENDATIONS .....	11
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	17





EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Ronald D. Wright, Casey County Judge/Executive

Honorable Robert Weddle, Casey County Sheriff

Members of the Casey County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Casey County, Kentucky, for the year ended December 31, 2000. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2000, in conformity with the basis of accounting described above.

In accordance with Government Auditing Standards, we have also issued our report dated December 13, 2001, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Ronald D. Wright, County Judge/Executive  
Honorable Robert Weddle, Casey County Sheriff  
Members of the Casey County Fiscal Court

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- Lacks Adequate Segregation Of Duties
- The Sheriff Should Maintain Proper Documentation For All Expenditures And No Late Fees Should Be Paid From Excess Fees
- The Sheriff Should Reimburse Fee Account For Disallowed Expenditures And Refrain From Questionable Purchases
- The Sheriff Should Present Detailed And Itemized Bills For Any Services Provided By Liberty Tire And Muffler To The Casey County Board Of Ethics For Review And Approval On An Annual Basis

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a horizontal line extending from the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
December 13, 2001



CASEY COUNTY  
ROBERT WEDDLE, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2000

Receipts

State Grants	\$	15,360
State Fees For Services:		
Finance and Administration Cabinet	\$	10,276
Return of Fugitives		3,195
Bond Refund		51
Sequestered Jurors		75
		13,597
Circuit Court Clerk:		
Sheriff Security Service	\$	3,732
Fines and Fees Collected		1,940
		5,672
Fiscal Court		14,000
County Clerk - Delinquent Taxes		1,157
Commission On Taxes Collected		94,527
Fees Collected For Services:		
Auto Inspections	\$	5,795
Accident and Police Reports		334
Serving Papers		10,255
Arrest Fees- Other Counties		2,120
Transporting Mental Patients		4,278
		22,782
Other:		
Carrying Concealed Deadly Weapon Permits	\$	6,090
Advertising Fees		3,152
Add-on Fees		13,381
Reimbursements		1,203
House Bill 577		1,280
		25,106
Interest Earned		5,401
Borrowed Money:		
State Advancement		50,000
Total Receipts	\$	247,602

CASEY COUNTY  
 ROBERT WEDDLE, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 2000  
 (Continued)

Disbursements

Operating Disbursements:

Personnel Services-

Deputies' Salaries	\$	53,377
Part-Time Salaries		33,685
Other Salaries		4,344

Employee Benefits-

Employer's Share Retirement - KLEFPF		1,851
--------------------------------------	--	-------

Contracted Services-

Advertising		2,184
Maintenance and Repairs		878

Materials and Supplies-

Office Materials and Supplies		1,098
Uniforms		2,539

Auto Expense-

Gasoline		7,020
Maintenance and Repairs		7,736

Other Charges-

Conventions and Travel		1,637
Dues		329
Postage		3,891
Serving Papers		3,370
Bailiff		1,400
Transporting Prisoners		1,782
Carrying Concealed Deadly Weapon Permits		4,195
Utilities		2,148
Sequestered Jurors		100
Patient Transport		7
Georgia Fine		216
Supplies		801
Matching Share-Grant		512
House Bill 577		900
Uncollected Cold Check		2

CASEY COUNTY  
 ROBERT WEDDLE, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 2000  
 (Continued)

Disbursements (Continued)

Capital Outlay-		
Office Equipment	\$	704
Debt Service:		
State Advancement		<u>50,000</u>
Total Disbursements	\$	186,706
Less: Disallowed Disbursements		
Personal Advertising		693
Penalty for Late Payment		29
Expenditures Without Proper Documentation		<u>240</u>
		<u>962</u>
Total Allowable Disbursements	\$	<u>185,744</u>
Net Receipts	\$	61,858
Less: Statutory Maximum		<u>59,306</u>
Excess Fees Due County for Calendar Year 2000	\$	2,552
Payments to County Treasurer - December 13, 2001		<u>2,552</u>
Balance Due at Completion of Audit	\$	<u><u>0</u></u>

The accompanying notes are an integral part of the financial statement.

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.78 percent.

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2000  
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2000, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Related Party Transactions

The Casey County Sheriff's office paid \$5,726 during calendar year 2000 to Liberty Tire and Muffler for auto repairs and maintenance. Liberty Tire and Muffler is owned by the Sheriff's brother. The county's code of ethics states no county officer, county employee, or immediate family member of the officer or employee shall have an interest in a business, or engage in any business, transaction, or activity, which is in substantial conflict with the proper discharge of the public duties of the officer or employee. It further defines immediate family member as a spouse, child, or person claimed as dependent for tax purposes; therefore, the Sheriff is not in violation of the county's code of ethics.

Note 5. Drug Enforcement Account

As of January 1, 2000, the Sheriff had a balance of \$1,599 in his Drug Enforcement Account. In 2000, the Sheriff received \$500 and expended \$1,155, leaving an unexpended balance of \$944 as of December 31, 2000. These funds are to be used in law enforcement activities against drugs and are not included as part of excess fees.

THIS PAGE LEFT BLANK INTENTIONALLY

## COMMENTS AND RECOMMENDATIONS





CASEY COUNTY  
ROBERT WEDDLE, SHERIFF  
COMMENTS AND RECOMMENDATIONS

Calendar Year 2000

STATE LAWS AND REGULATIONS:

1. The Sheriff Should Maintain Proper Documentation For All Expenditures And No Late Fees Should Be Paid From Excess Fees
- 

Per Technical Audit Bulletin #93-001, any penalties for late payments or expenditures without proper documentation are subject to an audit comment. Expenditures to BP Oil, Red Lobster, Bowling Green Plaza, Reno's Roadhouse, Cracker Barrel, Murphy USA, and a late fee totaling \$269.27 were charged to a MBNA credit card and paid with excess fees of the Sheriff's office; however, no receipts were available to verify these purchases. Since proper documentation for these expenditures was not available, these expenditures are disallowed. We recommend the Sheriff reimburse the fee account \$269.27 from personal funds.

*County Sheriff's Response:*

*Will be diligent in record maintenance.*

2. The Sheriff Should Reimburse Fee Account For Disallowed Expenditures And Refrain From Questionable Purchases
- 

Per Technical Audit Bulletin #93-001, political advertising is personal in nature and is subject to an audit comment. We noted expenditures to WKDO posted as advertising for "Apple Festival Sponsor"(\$50), "Labor Day Safety Spots", and "Lady Rebel Congratulation Spots"(\$40). Additionally, 500 "Patrol Car" magnets (\$429.65) were purchased and a "Christmas Greetings" ad (\$49.50) was published in the local newspaper.

As has been brought to the Sheriff's attention in prior years, these expenditures can be misleading as to their "personal or political advertising" nature; therefore, we recommend the Sheriff discontinue such expenditures. Additionally, these items do not appear to meet the required "reasonable and necessary expenditures to operate the Sheriff's office." The Labor Day advertising will be allowed at this time due to the notation of "safety spots"; however, the WDKO advertising for the Apple Festival and Lady Rebel Congratulation Spots; the "Christmas Greetings" ad; and the "Patrol Car" magnets will be disallowed as being primarily personal in nature.

Additionally, invoices posted as advertising paid to the Casey County Florist (\$123.68) for flowers sent to the funeral home were paid from the fee account. This does not meet the required "reasonable and necessary expenditures to operate the Sheriff's office" and will be disallowed.

Total advertising expenditures of \$692.83 will be disallowed. We recommend the Sheriff reimburse the fee account \$692.83 from personal funds.

*County Sheriff's Response:*

*The advertising in the form of informational literature or magnets are a direct hand out to the general public. In most instances it is handy for them and a good instructional tool for the children to know the emergency numbers at a glance.*

CASEY COUNTY  
ROBERT WEDDLE, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
Calendar Year 2000  
(Continued)

3. The Sheriff Should Present Detailed And Itemized Bills For Any Services Provided By Liberty Tire And Muffler To The Casey County Board Of Ethics For Review And Approval On An Annual Basis

---

In prior year audits, we reported related party transactions between the Sheriff's office and Liberty Tire and Muffler, which is owned by the Sheriff's brother. These transactions were not a violation of the county's ethics code, but we recommended the Ethics Commission review them and consider revising their code.

The Casey County Board of Ethics met on January 17, 2000, and determined the "Casey County Code of Ethics adequately distinguishes conflicts of interest which are legitimate and unavoidable in a sparsely populated, rural county from those conflicts of interest which are prejudicial to the citizens of Casey County, and it is [the Board's] opinion that the Casey County Code of Ethics does not need to be changed."

Additionally, the advisory opinion states that "in order to avoid any appearance of impropriety, it is [the Board's] opinion that the Casey County Sheriff should obtain detailed and itemized bills for any services provided by Liberty Tire and Muffler and that these itemized bills should be presented to the Casey County Board of Ethics for review and approval on an annual basis."

The Sheriff has not presented any information to the Board of Ethics concerning his CY 2000 purchases from Liberty Tire and Muffler. We recommend the Sheriff comply with the Casey County Board of Ethics Advisory Opinion No. 2000-EO-00002 by presenting detailed and itemized bills for any services provided by Liberty Tire and Muffler to the Casey County Board of Ethics for review and approval on an annual basis.

*County Sheriff's Response:*

*We will comply.*

INTERNAL CONTROL - REPORTABLE CONDITION AND MATERIAL WEAKNESS:

4. Lacks Adequate Segregation Of Duties

The Sheriff's office has a lack of segregation of duties since the bookkeeper performs all receipting, disbursing, recording, and reporting responsibilities. Due to the entity's diversity of official operations, small size, and budget restrictions, the official has limited options for establishing adequate segregation of duties. In order to offset this internal control weakness, we recommend the Sheriff assign the following compensating controls to another deputy or employee of the office:

- Compare the daily bank deposit to the daily checkout sheet and then compare the daily checkout sheet to the receipts ledger. Any difference should be reconciled. Document this comparison by initialing the bank deposit, daily deposit, and receipts ledger.

CASEY COUNTY  
ROBERT WEDDLE, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
Calendar Year 2000  
(Continued)

INTERNAL CONTROL - REPORTABLE CONDITION AND MATERIAL WEAKNESS:  
(Continued)

4. Lacks Adequate Segregation Of Duties (Continued)

- Compare the quarterly financial report to receipts and disbursements ledgers for accuracy. Any differences should be reconciled. Document this comparison by initialing the quarterly financial report.
- Prepare the monthly bank reconciliation. Any differences between the bank balance and the book balance should be reconciled.

*County Sheriff's Response:*

*Both the daily and quarterly reports will be approved as suggested. The monthly bank reconciliation is already implemented.*

PRIOR YEAR:

- The Sheriff should have presented an annual financial statement to the Fiscal Court. This comment had been corrected in the current year.
- The Sheriff should have published an annual financial statement within 60 days after close of calendar year. This comment has been corrected in the current year.

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Ronald D. Wright, Casey County Judge/Executive

Honorable Robert Weddle, Casey County Sheriff

Members of the Casey County Fiscal Court

**Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards**

We have audited the Casey County Sheriff for the year ended December 31, 2000, and have issued our report thereon dated December 13, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Casey County Sheriff's financial statement for the year ended December 31, 2000, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying comments and recommendations.

- The Sheriff Should Maintain Proper Documentation For All Expenditures And No Late Fees Should Be Paid From Excess Fees
- The Sheriff Should Reimburse Fee Account For Disallowed Expenditures And Refrain From Questionable Purchases
- The Sheriff Should Present Detailed And Itemized Bills For Any Services Provided By Liberty Tire And Muffler To The Casey County Board Of Ethics For Review And Approval On An Annual Basis

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Casey County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying comments and recommendations.

- Lacks Adequate Segregation Of Duties

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,



Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
December 13, 2001



